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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 001128

SIPDIS

STATE FOR EAP/MLS; PACOM FOR FPA

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TAGS: [PARM](#) [MASS](#) [PREL](#) [BM](#) [RS](#)

SUBJECT: RUSSIAN ARMS TRADER TO OPEN BURMA OFFICE

REF: RANGOON 989 AND PREVIOUS

Classified By: P/E Chief W. Patrick Murphy for Reasons 1.4 (b,d)

1. (C) Summary: A Russian diplomat in Rangoon says that a major state-owned Russian arms dealer, Rosoboronexport State Corporation, will open an office in Burma as "a natural presence to support Russia's growing commercial military relationship" with the SPDC military regime. The diplomat also reported that the Burmese regime's second ranking official, Vice Senior General Maung Aye, postponed a trip last month to Moscow "without explanation." End Summary.
2. (U) A September 28 article by Mizzima News (an India-based Burmese exile news organization) reported that the Russian arms trader Rosoboronexport plans to open an office in Burma before the end of the year. The article added that the Russian Embassy in Rangoon "had no knowledge of Rosoboronexport's plans for an office in (Burma) and said it was the company's decision whether or not to cooperate with the embassy."
3. (C) On September 29, P/E chief met with Alexander Kudryashov, the Russian Embassy's counselor for information and political affairs. Kudryashov, responding to an inquiry about the press report, said "it is absolutely true" that Rosoboronexport would open an office in Rangoon, and would do so within the coming months. He said the new office would be "a natural presence to support Russia's growing commercial military relationship" with Burma's military regime.
4. (C) Kudryashov, who described Rosoboronexport as "perhaps the largest" of five state-owned Russian arms companies, said that company representatives would likely enter Burma on Russian diplomatic or official service passports. He did not know the specific location within Rangoon of the proposed office, but he opined that the arms company "had plenty of business to oversee" in Burma. (DAO Comment: Russian defense attache contacts were less than forthcoming with information on the Rosoboronexport plans, only saying that the company "may" set up shop within the Embassy, similar to its Beijing operations, and would staff the office with a single company representative. End Comment.)
5. (C) On a separate but related topic, Kudryashov said that the SPDC's Deputy Chairman, Vice Senior General Maung Aye, had postponed an official trip to Russia, scheduled for last month, "without offering any explanation." He said the mysterious postponement of the trip, which had been planned for months and would have included a large delegation, "gave some credence to rumors (in August) of a senior leadership power struggle" (reftel). He added, however, that regime officials had dealt directly with the Russian Government, through their mission in Moscow, and "we (in Rangoon) were completely in the dark about the postponement of the visit." (Comment from DAO: Attache sources say that Maung Aye's trip was postponed because President Putin would be in New York for the UNGA. End Comment.)
6. (C) Note: At about the same time that Maung Aye postponed his Russia trip, Prime Minister General Soe Win postponed an official visit to Beijing. Chinese diplomats tell us, however, that this was a PRC decision in order to "take more time to prepare deliverables." They noted that then-Prime Minister General Khin Nyunt had secured a dozen agreements during his July 2004 China trip (just months before his ouster) and the PRC did not want Soe Win "to lose face and return empty-handed from China." End Note.
7. (C) Comment: We see a common pattern in the SPDC's foreign relations. Those countries which choose to engage Burma do so primarily to support their own national interests (e.g. Russia and its commercial arms relationship). The military regime welcomes the engagement, mostly as a means to bolster its own legitimacy, but resists any effort to influence its behavior or decision-making--essentially treating those who engage no differently than those who choose to isolate. Maung Aye is likely to reschedule his Moscow trip and the regime is keen to maintain warm relations with Russia. He and his junta brethren, however, perceive no repercussions in placing a low priority on such gestures. End Comment.
- Villarosa